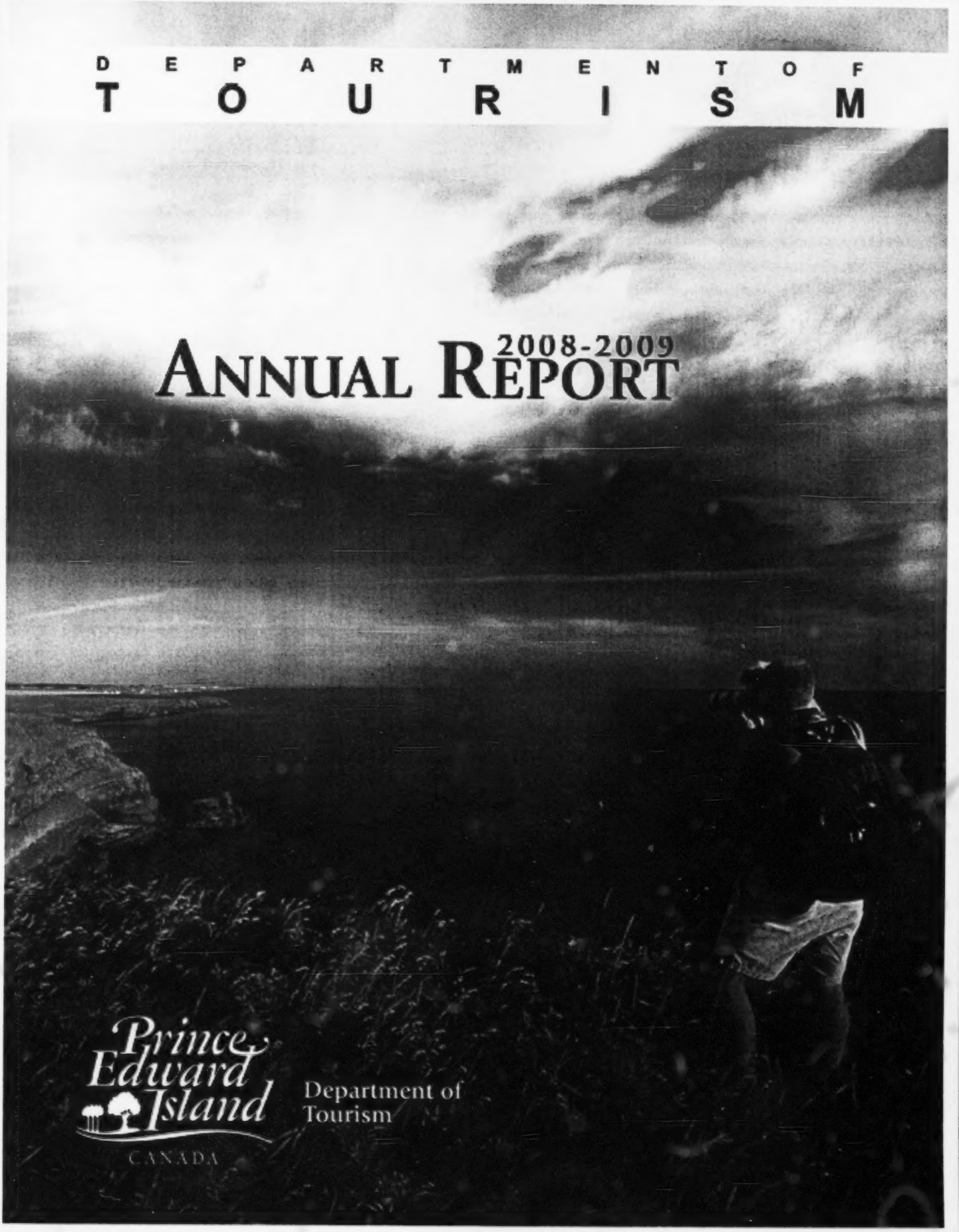
DEPARTMENT OF
TOURISM



ANNUAL REPORT 2008-2009

Prince Edward Island
CANADA

Department of Tourism

Prince Edward Island
Department of Tourism

Annual Report

2008-2009

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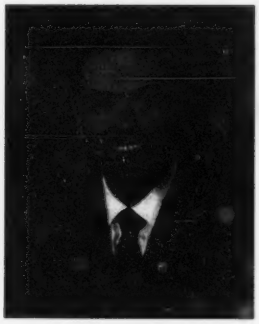
Minister's Message

The Honourable Barbara A. Hagerman
Lieutenant Governor of Prince Edward Island



May It Please Your Honour:

I have the honour to submit herein the annual report for the activities of the Department of Tourism for the period April 1, 2008, to March 31, 2009.

Respectfully submitted,

Robert Vessey

Robert Vessey
Minister of Tourism and Culture

Deputy Minister's Message

The Honourable Robert Vessey
Minister of Tourism
PO Box 2000
Charlottetown, PE C1A 7N8

Honourable Minister:

It is my pleasure to present the annual report of the Department of Tourism for the period April 1, 2008, to March 31, 2009.

The Prince Edward Island (PEI) tourism industry, one of our primary industries, provides significant economic benefits for the province. The tourism sector employs thousands of Islanders and contributes directly to the cost of important public services such as health care and education.

Since June 2007, Tourism PEI has made great strides in moving the tourism industry forward. We have made several changes to the tourism strategy that has improved the department's focus in order to capitalize on growth opportunities that exist in the global marketplace.

The main objective of the Department is to create a robust and viable tourism industry. The close working relationship we've established with the Tourism Advisory Council, the Tourism Industry Association of PEI, and tourism stakeholders continues to be a vital part of our development and future success.

Yours Truly,

Melissa MacEachern
Deputy Minister

Industry Snapshot

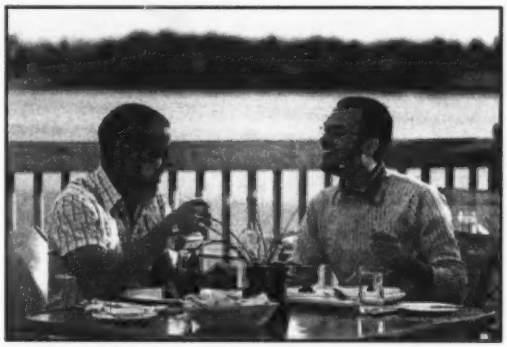
The international economy has been extremely volatile throughout 2008, with only moderate GDP growth in the global economy. Higher gas prices and a higher Canadian dollar had an impact on the PEI tourism sector in early 2008. Record rainfall in August also impacted the tourism season. The PEI tourism sector continues to face pressures as a result of currency, oil prices, US economy, and US/Canada passport issues.

The 2008 tourist season saw :

- The number of tourists who visited the Island in 2008 was down by 3.9% as compared to 2007.
- Air traffic increased, while bridge and ferry traffic decreased.
- Occupancy of fixed-roof accommodations was up by 0.9%.
- Total inquiries were up by 8.7% with an increase of 6.7% of total kits mailed.
- Online inquiries were up by 371%.
- It is estimated that 1.2 million non-resident visitors came to Prince Edward Island in 2008, which should equate to a total of $306.9 million in direct expenditures into the local economy.

In 2008, meetings, conventions, and incentive travel (MCIT) made a significant impact on tourism in PEI. Tourism PEI is anticipating 2009 to be a strong year for meetings and conventions on PEI.

There were 215 meetings, with a total of 19,728 delegates.
113 meetings were held in the Charlottetown area (52.5%) and 102 meetings were held outside of Charlottetown (47.5%).
Research indicated the delegates spent $1125, on average, per person.
Meetings and conventions injected $18 Million into our economy.



Aperçu de l'industrie

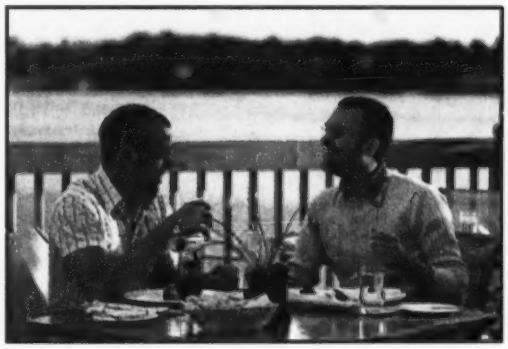
L'économie internationale a été extrêmement volatile tout au long de 2008, le PIB n'ayant progressé que modérément dans l'économie mondiale. La hausse des prix de l'essence et l'appréciation du dollar canadien ont eu un effet sur le secteur touristique de l'Î.-P.-É. au début de 2008. Un record de pluie en août a aussi eu des répercussions sur la saison touristique. Le secteur touristique de l'Î.-P.-É. continue de subir des pressions en raison des devis, des coûts du pétrole, de l'économie des États-Unis et des problèmes de passeport entre les États-Unis et le Canada.

Vue d'ensemble de la saison touristique 2008 :

- Le nombre de touristes ayant visité l'Île en 2008 a diminué de 3,9 % comparé à 2007.
- Il y a eu une hausse de la circulation aérienne, mais une baisse de la circulation sur le pont et de la circulation du traversier.
- Les taux d'occupation de l'hébergement en dur ont augmenté de 0,9 %.
- Les demandes de renseignements ont connu une hausse de 8,7 %, avec une augmentation de 6,7 % du nombre total de trousses postées.
- Les demandes en ligne ont augmenté de 371 %.
- On estime que 1,2 million de visiteurs sont venus à l'Île-du-Prince-Édouard en 2008, ce qui se traduirait par un total de 306,9 millions de dollars de dépenses directes dans l'économie locale.

En 2008, les réunions, les congrès et les voyages de motivation (RCVM) ont eu un effet considérable sur le tourisme à l'Î.-P.-É. Tourisme Î.-P.-É. s'attend à ce que 2009 soit une bonne année pour les réunions et les congrès à l'Î.-P.-É.

- Il y a eu 215 réunions, avec un total de 19 728 délégués.
- 113 réunions ont eu lieu dans la région de Charlottetown (52,5 %) et 102 réunions ont eu lieu à l'extérieur de Charlottetown (47,5 %).
- Les recherches ont démontré que les délégués ont dépensé 1 125 $, en moyenne, par personne.
- Les réunions et les congrès ont injecté 18 millions de dollars dans notre économie.



Corporate Overview

Tourism PEI is a crown corporation which was established in 1999. The corporation is structured around four key operational divisions: Product Development, Marketing Communications, Corporate Services, and Policy, Planning, and Research.

Corporate Management consists of the Office of the Minister, Deputy Minister, and Corporate Services staff providing leadership, overall management, administration, and communication for the department.

The mandate of Tourism PEI is to work in partnership with industry stakeholders to promote Prince Edward Island as a premier destination and to enhance the economic benefits of tourism through the development and promotion of existing and new quality products and services.
Tourism PEI observes the following organizational values:

- Staff is our most important resource.
- Visitors and private operators are our valued customers.
- The entire province will share in the wealth of the tourism industry.
- The development of the tourism industry requires a strong government/industry partnership.
- We must strive to understand industry needs and assist them to reach their goals.
- Development and marketing must be consumer-driven based on sound research and be consistent with industry's goals.
- Quality service and quality products are essential for future tourism growth.
- The facilities owned and operated by Tourism PEI and its subsidiaries are valued assets.

Tourism PEI adheres to the following organizational principles:

- We will provide a safe and healthy work environment for our staff.
- We will provide quality service to our clients in response to the demand for our programs and services.
- We will promote our programs and services and ensure that they are readily available to eligible participants across Prince Edward Island.
- We will provide sound and timely policy advice to Government in areas of corporate responsibility.
- We will establish appropriate strategic alliances and co-operative working relationships with our federal counterpart, Atlantic provincial partners, and with industry associations.
- We will establish working relationships with our Prince Edward Island government partners in the delivery of programs and the implementation of strategic initiatives.

- We will strengthen and maintain effective relationships with industry participants and organizations throughout the province.
- We will develop and promote those facilities owned and operated by Tourism PEI, and its subsidiaries, as centres of excellence.

Interministerial Women's Secretariat

Every Canadian jurisdiction designates a Minister responsible for the Status of Women and assigns staff resources to support the Minister in their role. The Interministerial Women's Secretariat assists government in the promotion and protection of gender equality. The Secretariat also provides assistance in promoting the legal, health, social and economic equality of women.

The Secretariat is mandated to partner with the community on projects which support the status of women. Furthermore, the Secretariat works in partnership with PEI's women's organizations to develop projects, programs, and services that benefit women on Prince Edward Island.

The Interministerial Woman's Secretariat is involved with the following committees:

- Children's Secretariat
- Coalition for Women in Government
- Disability Action Council
- Diversity Advisory Committee
- FASD Advisory Committee
- Food Security Network - working group
- Gender Based Analysis Advisory Committee (Chair)
- Girls Unlimited Advisory Committee
- Girls Youth Parliament
- International Women's Day Committee
- Justice Options for Women who are Victims of Violence
- PEI Provincial Human Trafficking Advisory Committee (Chair)
- PEI Reference Group on UN Conventions
- Mayor's Purple Ribbon Task Force
- Pregnancy, Birth, and Infancy Network
- Premier's Action Committee on Family Violence Prevention
- Protecting Our Children Network
- Social Prosperity Task Force
- Trade HERizones Advisory Committee
- Member of the FPT Process Working Group and Economic Security Issues Working Group

FPT Senior Official overseeing the following working groups:

- Process Working Group
- Economic Security Issues
- Aboriginal Women
- Violence Against Women

The Interministerial Women's Secretariat requests proposals from non-profit women's organizations in PEI whose mandates align with the promotion of the legal, health, social, and economic equality of women.

The Secretariat provides grant funding to provide project funding to:

- support organizations that provide direct services and programs for the benefit of women,

- support projects that enhance awareness, education and social action on women's legal, health, social and economic equality, and
- support the capacity of women's organizations that promote women's equality through advocacy, research and policy development.

PEI is one of seven jurisdictions with both an internal Women's Secretariat and a publically appointed Advisory Council on the Status of Women. The Council has an appointed chair and eight appointed community members from across the Island. Its role is defined in the Advisory Council on the Status of Women Act, 1988.

The Advisory Council shall:

- develop public awareness of the issues affecting the status of women,
- promote a change in attitude within the community in order that women may enjoy an equality of opportunity,
- encourage discussion and expression of opinion by Island residents on issues affecting the status of women,
- advise the Minister with respect to the issues he or she refers to the Council for consideration,
- review policies and legislation affecting women and report its findings to the relevant governmental departments or agencies,
- provide assistance to the Minister in promoting changes to ensure the attainment of equality objectives of women, and
- provide assistance, as the Council deems appropriate, to organizations and groups whose objectives promote the equality of women.

Prince Edward Island Tourism Advisory Council (TAC)

The PEI Tourism Advisory Council (TAC) is an industry advisory board to the Minister of Tourism. TAC is made up of a board of 18 members, as well as ad-hoc task forces and committees struck from time to time to address particular issues or opportunities. At the Council level, there are fourteen (14) industry stakeholders and four (4) senior Provincial and Federal government members involved in the work of the TAC.

TAC was appointed in December of 2004, as the result of a collaborative effort of industry, provincial and federal government leaders meeting to discuss challenges within the tourism industry in PEI.

The concept of public and private sector working together is well established in other jurisdictions. In many cases it has proved successful, with private sector partners playing an integral role in raising the profile of tourism as an economic generator and securing additional investment for tourism programming.

TAC's role is simple - to advise the Minister of Tourism on marketing, product development and research initiatives, with the sole outcome of increasing tourism revenues for the Province.

TAC's product investment strategy advises that investments must be strategic and integrated across all research and marketing, and investments must support the vertical markets that hold the highest possible return on investment.

Key product verticals are culinary tourism, culture (especially mobilizing further on the Anne 2008 events), and golf.

The Product Development Fund has been discontinued and replaced with three new application-based funds, and the new Strategic Investment Fund. The Strategic Investment Fund will concentrate on key investments such as golf, convention partnerships, touring routes, and concerts/major events.

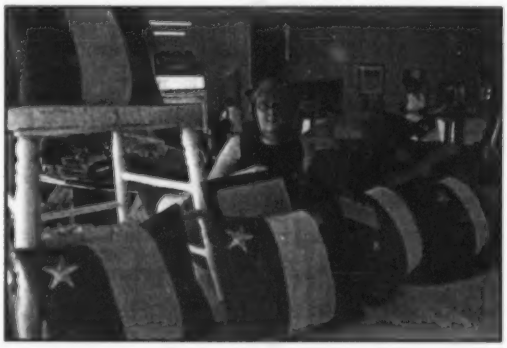
Two new funds for Regional Tourism Associations (RTAs) have been established, and a newly established Tourism Innovation Fund will assist priority vertical markets in product development. Four smaller grant programs will continue as offered.

Existing programs will be continued, such as Community Festivals and Events Assistance Program, PEI Acadian Francophone Tourism Development Fund, Meetings and Conventions Hosting Program, Reunion Program, and the Tourism Website French Translation Program.

TAC will continue its commitment to the Tourism Research Centre at UPEI focusing on new research initiatives which will include an Outlook Model for Forecasting, Exit Survey Data and Sub-Profiles, Environics Profiling, and an Operator Panel.

Marketing areas of focus will include golf, culinary, Quebec, and 'out of the box' marketing techniques. Investments are recommended in Ontario, Quebec, Nova Scotia, New Brunswick and New England, as well as efforts should be made at maintaining major markets in Montreal and Toronto.

Attempts will be made to define the brand essence as Island, people, and emotional effects of revival, renewal, restoration.



Divisional Activities

There are four divisions in the Department of Tourism for the 2008 fiscal year. They are Product Development, Marketing Communications, Corporate Services, and Policy, Planning, and Research. In January 2009, the department was restructured, and these changes are discussed in section 5 of this report.

Product Development

While the long-term picture for tourism is cautiously positive, it must be acknowledged that tourism is increasingly global in scope and that global competition is a constant. To maintain our existing market share and to attract new visitors, Prince Edward Island's tourism industry must deliver quality experiences, products, and services, as expected by today's discriminating traveler.

The key to remaining competitive, based on consumer research, is in the development of the 'things-to-do' product, with experiences that build on the Island's natural, cultural, and culinary strengths.

Tourism PEI invests in the development of strategic research-based tourism products such as festivals, events, conventions, cruise ship development, as well as our coastal touring routes.

Redesigned Development Programs

To enhance the effectiveness of tourism investment and to increase the focus on research-defined priorities for growing tourism, the following changes are being made to funding programs for the upcoming 2009-2010 fiscal year.

The Regional Foundation Fund has been designed to enhance the organizational capacity of Regional Tourism Associations across the province. It provides support to Regional Tourism Associations for the operation of Destination Centres, organizational planning, and revenue generation. The deadline for applications to this program will be January 15, 2009.

The Regional Product Development Fund has been designed specifically for Regional Tourism Associations to provide support for product development to grow tourism in their area. The deadline for applications to this program will be January 15, 2009.

The Tourism Innovation Fund assists non-profit and sector organizations in the development of tourism products that are directly related to the PEI Strategy for Tourism Competitiveness 2005-2010, such as Anne, golf, culinary, culture, and festivals. The deadline for applications will be March 1, 2009.

Continued Development Programs

Several programs will continue to operate for the next fiscal year.

The Community Festivals and Events Fund offers developmental assistance to well organized and widely marketed annual festivals and events that have made a commitment to quality. The festival or event must clearly and specifically target off Island participants and spectators. The festival or event should provide visitors with opportunities to experience Island hospitality, heritage, culture, culinary products and services, and our natural beauty. The deadline for applications to this program will be March 1, 2009.

The Prince Edward Island Acadian and Francophone Tourism Development Program provides financial assistance for the development of Acadian and Francophone tourism products on PEI, and is made possible through the Canada- PEI Agreement on French Language Services. This program invests in non-profit community groups to help them plan, organize, promote and hold festivals and tourism events. Existing festivals may request assistance for the development of new products and experiences, as well as advertising support.

The program enhances the visibility of the Acadian and Francophone culture for area residents, as well as visitors. It has had a positive economic impact for the Acadian and Francophone community on Prince Edward Island. Deadline for applications to the program is March 1, 2009.

Programme de développent touristique Acadien et Francophone de L'Île-du-Prince-Édouard aide le développement touristique acadien et francophone a l'IPE, et a été rendue possible grâce a l'Entente Canada/Île-du-Prince-Édouard relative aux services français. Toutes les demandes doivent être reçu par le 1er mars, 2009.

The Meetings and Conferences Hosting Grant Program provides support to non-profit organizations hosting regional, national, or international conferences and events. This is an open program and available funds are dispensed on a first come, first serve basis commencing April 1 of each year.

The Tourism Website French Translation Program provides support for up to 75% of the cost of translation of tourism websites into French, up to a maximum of $750.00. Operators must provide some level of French services to visitors to their operations. This is an open program and available funds are dispensed for those eligible, on a first come first serve basis, commencing April 1 of each year.
The Reunion Assistance Program is an initiative of Tourism PEI, designed to encourage Islanders to plan and hold reunions on Prince Edward Island. For information on family and class reunions, you can download the Reunion Handbook through the government website.

Festivals

The Festivals and Events Assistance Program exists to assist non-profit community groups and organizations with their planning, organizing, and advertising. In the 2008-2009 fiscal year, Tourism PEI supported thirty two festivals which showcased PEI arts, culture, heritage, cuisine, landscape, province-wide.

Employee Convention Hosting Opportunities (ECHO)

ECHO is a joint program with Tourism PEI, Tourism Charlottetown, and the PEI Meeting and Convention Partnership. The mandate of ECHO is to encourage provincial employees to invite meetings to Prince Edward Island. ECHO also assists with the organization of these meetings by utilizing the many resources for support such as those available through the PEI Convention Partnership and Tourism PEI.

The statistics for 2008 are impressive, as there were over 250 volunteers involved in the 42 employee-driven meetings this year. Those 42 meetings drew 4,872 delegates, and accounted for 25% of the meetings generated through the PEI Meetings and Conventions Partnership.

While the economy of Prince Edward Island has benefitted greatly from ECHO, many involved feel that the greatest benefit has been the empowerment of government employees who undertake the initiative of hosting a meeting on PEI. Those who have capitalized on the assistance of the ECHO program have acquired new skill sets and confidence.

ECHO has become a learning process, an economic generator, and an awareness program for the province, as well as the convention and tourism sectors.

Industry Standards

The quality of Prince Edward Island's products and services is essential to the long-term health of the tourism industry.

The Tourism Industry Act sets out the operating standards for PEI tourism accommodation operators. On an annual basis, every accommodation operator must pass inspection. They must have their water tested quarterly, submit monthly occupancy reports, and pay their annual license fee, in order to ensure that the property complies with the licensing standards set out in the Act.

Tourism PEI contracts Quality Tourism Services (QTS) to inspect and provide water testing to all properties. QTS has as strong working relationship with Tourism PEI, and they employ professionally trained inspectors who are knowledgeable in the requirements of the Act.

Tourism PEI's compliance section supports licensed industry operators by enforcing the Act and works to bring unlicensed operators into the industry. Tourism PEI works closely with industry partners such as the Tourism Industry Association of Prince Edward Island (TIAPEI), Quality Tourism Services (QTS), and the Tourism Advisory Council (TAC) to maintain the quality and standards that are critical to success. It is this team approach that ensures visitors

enjoy the best possible vacation, based on quality services and memorable experiences.

Tourism PEI continues to strive toward increasing accessibility for the French-speaking public in order to comply with the Canada-PEI Agreement on French Language Services. Tourism PEI provides reception services in both official languages and several staff are fluent in French or are taking French language training. In 2008, the Genuine Island Experiences packaging brochure was available in French. This joins the Island Guide and a number of other publications which are translated into French as stand-alone pieces.

Visitor Information and Destination Centres provide services to the traveling public and are mandated to have bilingual staff available. The Centres have been in compliance for many years and continue to improve the level of service with each passing year. In all other venues of Tourism PEI's service to the public, every effort is made to ensure that there is service provided in French by front-line staff.

Under the terms of the Canada-PEI Agreement on French Language Services, the Association touristique Evangeline au service des Acadiens et Francophones de l'Ile-du-Prince-Edouard received funding for its operations. This association brings together Acadian and Francophone tourism operators to better promote the Acadian and Francophone tourism product and the association works to present a united voice to government.

Provincial Parks and Confederation Trail

In the 2008-2009 fiscal year, PEI Provincial Parks experienced a reduction in visitation similar to that reported by the Island's tourism industry.

Campground visitations totaled 29,163 sites sold, representing a 17.8% reduction from 2007-2008.

In the Summer of 2008, 48.9% of Provincial Park users were from the primary tourism markets of Ontario (14.5% of visitors), Quebec (13.5% of visitors), New Brunswick and Nova Scotia (13.9% of visitors), and New England/Other USA (7.1% of visitors).

Islanders continue to represent a significant portion of visitors to the Provincial Park system with approximately 44.6% of overall visitations in 2008-09.

During 2008-2009, the Government of Prince Edward Island continued to recognize the importance of a strong network of Provincial Parks by allocating over $1.1M towards various capital improvement projects. Highlights of these projects included investment in the continued development of the Confederation Trail, upgrades to park maintenance equipment, initiating site expansion plans for both Red Point Provincial Park and Jacques Cartier Provincial Park, and completing the installation of camp cabins at Northumberland Provincial Park.

PEI Provincial Parks continues to coordinate and deliver a variety of summer programs to visitors, including children's activities, nature and outdoor interpretative activities, sport activities and family activities. These programs are well received by visitors and greatly enhance their camping experience.

Once again in 2008-2009, Parks provided lifeguard services on eight provincial park beaches across the province. This very important service allows visitors to safely enjoy our beautiful Provincial Park beaches.

New for the summer of 2008, Provincial Parks developed an enhanced water safety message which was included in many publications as well as the Tourism PEI website. This enhanced water safety message provided information on rip tides and encouraged beach goers to always swim in a supervised swimming area. Also, Provincial Parks provided daily beach condition updates through local radio stations from July 1st to Labour Day.

As managers of the Confederation Trail, PEI Provincial Parks recognizes the importance of this unique product to not only the provincial tourism industry, but also the health and well being of Islanders. In 2008-2009, Provincial Parks partnered with the Tourism Industry Association of PEI (TIAPEI), Transportation and Public Works (TPW) and the Atlantic Canada Opportunities Agency (ACOA) on the Confederation Trail Project - Phase 1.

Under the initial phase of this project, over $400,000 was invested in the Confederation Trail on new signage at most trail/highway intersections, a review of the existing trail brand/logo, and the installation of asphalt 'pads' at many trail/highway intersections to increase trail visibility and user safety. Unfortunately, a delay in securing the appropriate paint product to finish the pads has resulted in the completion date of this is project being moved back until 2009. PEI Provincial Parks looks forward to working with its partners to leverage federal funding towards the Confederation Trail Project-Phase 2, in 2009.

Brookvale Provincial Winter Activity Park continues to provide Islanders and visitors with an excellent winter venue to pursue alpine skiing, nordic skiing, tobogganing and snowshoeing. The Alpine venue features 11 runs serviced by two lifts, with all runs being lit for night skiing.
The Nordic site features some of the best cross country ski trails in Atlantic Canada on over 24.5kms of groomed trail. The Nordic site also includes a toboggan hill and snowshoe trails. In 2008 - 2009, the Alpine site was in operation for 60 days

and the Nordic site was open for 57 days. This represents an increase of three operating days at the Alpine site and a decrease of eight operating days at the Nordic site, when compared to the 2007-2008 Winter season.

Winter programming at Mill River Provincial Park also experienced another successful season with nordic skiing, ice skating, tobogganing, tubing and sleigh rides.

The Provincial Golf Courses

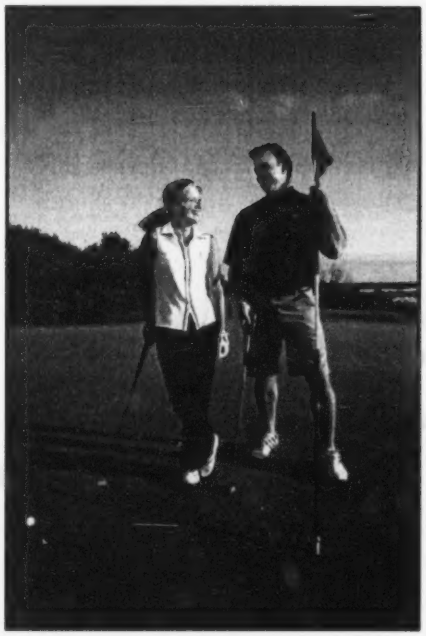
Golf continues to be important for tourism on PEI.

This season there were over 41,000 guest rounds played on our courses. These guests mostly came from outside the Maritime Provinces, the majority (21%) from Ontario. The department continues to market our golf product to the long haul visitor.

Rain was a huge factor this season. There were many washout days because of heavy rain. Overall, our non-member rounds were down 20% versus last year. Brudenell, Dundarave, and Mill River were closed at different times of the year because of the wet course conditions. On many days, golf carts weren't let out or were restricted to cart path only. Crowbush handled the rain well, due to sandy soil and excellent drainage.

This season, a partnership was formed between Tourism PEI and The Golf Channel, which resulted in PEI serving as host to the popular reality TV series The Big Break. This partnership exposed PEI to millions of golfers around the world. The Golf Channel shot the series at Mill River over two weeks in September. The course was closed to the public during this time.

To prepare for the event, Mill River was upgraded in key areas; equipment was purchased, extra fertilizer was applied, and cart paths were paved. While The Golf Channel was on PEI, they filmed another program, Golf With Style. This show featured courses and attractions on P.E.I. and included pieces on Dundarave and The Links at Crowbush Cove.



Marketing Communications

The overall mandate of the Marketing Communications Division is to promote Prince Edward Island as a premiere, multi-seasonal vacation destination in our target markets.

The division is responsible for the publication and distribution of provincial

tourism literature, travel industry sales, publicity, advertising, and promotions.

The 2008 Marketing Communications objectives included:

- driving visitation to gentleisland.com,
- increasing brand awareness, consideration, and conversion,
- growing the Tourism PEI database,
- encouraging and supporting media interest in Anne 2008,
- expanding the Genuine Island Experiences program,
- and continuing to invest in major regions such as Ontario, Quebec, Nova Scotia, New Brunswick and New England.

Tourism PEI is a partner in the Atlantic Canada Tourism Partnership (ACTP) which merges two levels of government and the region's private industry. The partnership allows the province to reach strategic markets in the United States, Europe, and Japan.

The Atlantic Canada Opportunities Agency (ACOA) and Tourism Atlantic also provide funds for special marketing programs. In addition, Tourism PEI actively pursues partnership opportunities with the Canadian Tourism Commission (CTC) and others, in joint-venture initiatives.

The Marketing Communications Division has also worked closely with the Tourism Advisory Council (TAC). Marketing strategies and programs will continue to be reviewed by TAC and its Marketing Committee. The Department of Tourism is represented on TAC by the Deputy Minister and the Director of Marketing Communications. TAC provides sound advice to the Minister, and the Department will continue to work in partnership with TAC to develop strategic annual marketing plans based on effective research.

There were many successful ventures in 2008-2009. The Links at Crowbush Cove and Dundarave golf courses both received 4.5 out of five star rating by the Golf Digest's 2008-2009 edition of "Best Places to Play."

This year's edition rated nearly 6,000 courses in North America. The courses were evaluated by approximately 20,000 Golf Digest readers on a five-point scale. Tourism PEI formed a two-year partnership agreement between the Province of Prince Edward Island and the U.S.-based television network, the Golf Channel. With the development of a new two-year Prince Edward Island (PEI) golf plan; this partnership will greatly assist in building the PEI's golf market both nationally and internationally.

The highlight of this partnership will be the Big Break Prince Edward Island reality TV series which airs on April 20, 2009 on the Golf Channel. Twelve competitors, including Canadian contestant, Derek Gillespie, will play in ten elimination rounds with the final two facing off in match play to determine the winner.

For 2009, Tourism PEI's marketing objectives are as follows:

- focus on specific areas of focus such as golf and culinary,

- tap into the Quebec market,
- use 'out of the box' marketing techniques,
- clearly define a compelling and distinctive positioning for the Prince Edward Island brand,
- identify what separates PEI from other destinations,
- engage in a multi-media strategy to engage consumers and achieve maximum reach, with the goal to drive and increase online traffic,
- increase focus on social media opportunities, and
- focus on promoting more events that will generate 'free' media buzz.

Advertising and Publicity

2008 was all about Anne, celebrating the 100th anniversary of the publication of the novel by LM Montgomery. According to the 2007 Exit Survey, in general, 12.1% of first time visitors indicated that Anne was their main reason for visiting PEI. Almost one quarter of all pleasure visitors to the Island visit Anne attractions during the main season.

The Anne logo was placed on all print materials, and there was strong Anne 2008 messaging in all communications, familiarization tours, and trade shows. The 2008 Visitors Guide included prominent placement and enriched content featuring Anne.

The website Anne2008.com was the central information source for all activities planned.

Four signature events were held on PEI:

- ANNE-imated,
- the Anne of Green Gables Festival,
- Matthew and Marilla Cuthbert's Reunion, and
- a wrap up event on LM Montgomery's birth date.
- Anne 2008 promotional efforts included:
- Anne based print campaign,
- Anne E-newsletter,
- Anne Facebook group/application,
- Summer promo on Canada AM.
- A National Essay Writing contest with Tourism PEI providing four grand prizes of travel vouchers,
- Anne packaging provided to tourism providers,
- Anne educational materials provided to schools across Canada,
- Anne 2008 textile showcase, and a
- Royal Canadian Mint promotion.

The Anne 2008 Japan initiative included an essay writing contest, an educational TV program, an Anne of Green Gables Stamp Rally, Anne commemorative visitation certificate, and a commemorative tree-planting at the Green Gables site.

This initiative generated media exposure in Japan worth over $100 Million.

Looking to 2009, several large scale events will generate publicity for PEI.

The 2009 Canada Games will be held in Prince Edward Island, marking the first time the entire province has hosted the Games as 'One Island Community.' Islanders are looking forward to welcoming athletes, artists, and visitors from across Canada.

The Games will be held August 15-29, 2009 and will host 4400 athletes, coaches and managers in 18 different sports, along with thousands of spectators, and will attract national media coverage. The National Artist Program will be held concurrently at multiple Island-wide venues.

The recently announced Cavendish Beach Music Festival will also draw visitors and media attention to the Island. Slated for July 10-12, 2009, the three day concert event will feature 20 country music acts including Tim McGraw and Reba MacIntyre. The festival hopes to attract 15 000-20 000 fans and generate positive economic spin-offs to PEI and the Cavendish area.

Fulfillment

Total inquiries were up by 8.7% with an increase of 6.7% of total kits mailed.

Online inquiries were up by 371%.

107,673 English Visitor's Guides were mailed out, along with 15,553 French guides.

From April 1 2008 to April 1 2009, there were 1,557,593 visits to the website, with an average of 7.98 pages viewed per visit.

Visitors spent an average of 5.8 minutes on the site.

Nearly 50% of visitors came through search engines, mostly through Google.

25% of visitors came directly to the website, likely as a result of seeing the URL advertised.

26,852 visitors requested a visitor's guide through the website.

358 signed up for a newsletter.

Visitors to the website were mostly Canadian, with 343,764 American visits, 28,424 Japanese visits, and 59,273 visits from Europe.

Prior to September 2008, Tourism PEI was using several different domains, such as gentleisland.com and mygentleisland.com. In September, this was changed so all traffic was directed at one domain, tourismpei.com. This may result in some irregular statistics for 2008, however, it will make visitor tracking much simpler in 2009.

Co-op Advertising Opportunities

Co-op advertising includes a matching of private and public sector funds for marketing purposes. In addition to purchasing listings and display space in Tourism PEI publications, co-op advertising takes place in the form of packages or special offers from local business, and may be placed in publications such as Yankee Travel Guide, AAA/CAA publications, or regional newspapers.

There was a five week co-op ad campaign in the travel section of the Globe and Mail newspaper website/email newsletter advertising space is offered on a co-op basis. These advertising opportunities are sold to the PEI tourism industry by a local company affiliated with the agency of record.

In 2009, more emphasis will be placed on co-op marketing opportunities to stretch the tourism budget.

Trade and Sales

The Trade and Sales section is responsible for generating the sale of PEI's vacation products through trade and consumer channels.

Trade and Sales staff work with tour operators, motorcoach companies, cruise lines, auto clubs, and travel agents. Also, in conjunction with industry partners, Trade and Sales represents the province at marketplaces, sales missions, and consumer shows. The section focuses primarily on North America, Japan, United Kingdom, and Germany.

During the 2008 fiscal year, the Trade and Sales section participated in the following activities:

- Motorcoach Marketplaces
- National Tour Association (NTA)
- American Bus Association (ABA)
- Ontario Motor Coach Association (OMCA)
- International Marketplaces:
- Rendezvous Canada (RVC)
- World Travel Mart (WTM)
- ITB-Berlin
- Consumer travel shows in Montreal, Toronto, Ottawa, Quebec City, Boston, Foxboro, and Halifax

Trade and Sales staff, in conjunction with other Tourism Trade Staff from Atlantic Canada, provided educational training sessions to tour operator staff including Collette Vacation, Elderhostel, Grand Circle Tours, and AAA staff at various locations in New England.

During this time period, the Trade and Sales staff highlighted events such as the 100th Anniversary of the publication of Anne of Green Gables, Big Break on Prince Edward Island, the new cruise terminal and welcome centre, and the direct air flights from Boston and Detroit.

The Trade and Sales staff provide an ongoing connection between tourism operators on the Island and members of the travel trade that have clients visiting PEI or are developing new initiatives to encourage and increase new visitors to PEI.

Corporate Services

Financial Services and Office Administration

Financial Services is responsible for budgeting, forecasting, regular expenditure monitoring, and the day to day fiscal management of the Ministry.

Financial Services also manages invoicing, receivables, collections, payables, banking, taxes, procurement, and external audits.

Additional responsibilities include records management, Freedom of Information and Protection of Privacy Act compliance, contracts, insurance coordination, telecommunications, fleet management, and office administration.

Human Resources

The Human Resources section is responsible for providing leadership to the management team in all human resources areas including labour relations, classification, performance management, recruitment, and training.

The 2008-2009 fiscal year saw a significant departmental structural change, as well as the retirement of one permanent full-time staff and a number of positions being vacated on a temporary basis. These events necessitated significant staffing efforts being undertaken to begin filling new and vacated positions.

There were a total of 511 staff, including permanent, student, and casual positions.

Permanent Positions	**Full-time**	**Part-time**	**Total**
Corporate Management	5	0	
Corporate Services	23	74	97
CRM/Sales	2	4	6
Marketing Communications	16	0	16
SEII	10	0	10
(Strategy, Evaluation, and Industry Investment)			
Total Permanent	56	78	134

Student and Casual Positions	
Corporate Services	2
Brookvale Provincial Park	49
Provincial Golf Courses	93
Provincial Parks	192
CRM/Sales	37
Marketing Communications	2
SEII	2
(Strategy, Evaluation, and Industry Investment)	
Total Student and Casual Positions	377

Policy, Planning and Research

The Policy, Planning and Research division is responsible for the coordination and development of Tourism PEI's corporate planning, public policy and research initiatives.

The division's primary objective is to assist the department in making informed decisions regarding tourism initiatives. The division assists the department in mapping out its future direction, formulates and provides analytical support and advice, and assess and reviews policies, offering advice to senior management.

The division also has a lead role in designing, conducting, and analyzing quantitative and qualitative research projects. The division continues to track the industry by maintaining a statistical monitoring system, including occupancy reporting.

The division works actively with the Tourism Advisory Council and industry stakeholders in conducting research projects on consumer demand and new product development opportunities. The division also works with the Tourism Research Centre to increase the research capacity of the province and assist with the transfer of knowledge to industry partners.

Visitor Information Centres (VIC)

The Province operated six Visitor Information Centres at the following locations: Borden-Carleton, Wood Islands, Souris, St.Peters, West Prince, and the Charlottetown Airport. Borden-Carleton provided services to the travelling public throughout the entire year.

The Charlottetown, Cavendish, and Summerside VICs operated as Destination Centres in partnership with the Province through the Destination Centre Agreement with their respective regional tourism associations.

Total travel parties counselled at all the Visitor Information Centres across the Island had a modest 2% growth in visitors served, and the Charlottetown and Borden-Carleton VIC greeted the most visitors of all locations in 2008.

The Integrated Tourism Solution

The Integrated Tourism Solution (ITS) is an initiative to better connect customers and prospects with all the participating partners in the PEI tourism industry. BookPEI is the new Central Reservations System for Prince Edward Island.

Creating a system that covers the needs of 1,200 accommodation operators, ranging from hotel chains to one-cottage operations, is made possible due to our size. The ITS has created the capability to offer inventory in one central booking system that can be access and used to book directly by all participating partners.

This allows us to sell PEI tourism products anywhere, anytime, and through any channel, including the Tourism PEI Call Centre, the Provincial Visitor Information Centres, and Destination Centres.

Visitors can now book rooms and activities online, through the Tourism PEI website, travel agents, or participating industry websites.

In the past, online reservation systems were only viable for larger operations. With the launch of BookPEI in January 2009, Tourism PEI has made a considerable investment in a system that can be accessed directly by even the smallest participating partners.

Research has shown that visitors are looking for one-stop shopping when planning and booking their vacations. It was determined that the tourism industry on PEI was losing business to its competitors whose direct-selling capability was becoming increasingly sophisticated. Through BookPEI, the PEI tourism industry now offers the capability for vacation planners and visitors to plan and book their vacations online.

Running the BookPEI call centre through the Visitor Information Centres allowed the province to deliver the booking service in-house, leveraging the skilled and knowledgeable VIC staff as the first contact for callers to the province. 2009 was the first year where the call centre operated not only as an information provider, but also as a full service vacation planning services with the resources to make reservations and close the sale.

Departmental Restructuring

Due to departmental restructuring in January 2009, the Product Development and Policy, Planning and Research divisions were restructured and renamed. The Strategy, Evaluation, and Industry Investment (SEII) was created, as well as the Consumer Sales and Customer Relationship Management (Sales and CRM) division.

The Sales and CRM division is responsible for customer service, retention and loyalty. Customer service centres include the provincially run Visitors Information and Call Centres. The division is also the lead for the implementation of the ITS (Integrated Tourism Solution Technology) and the Central Reservation System (Book PEI).

The mandate of the Strategy Evaluation, and Industry Investment division involves providing direction to the Department in the functional areas of:

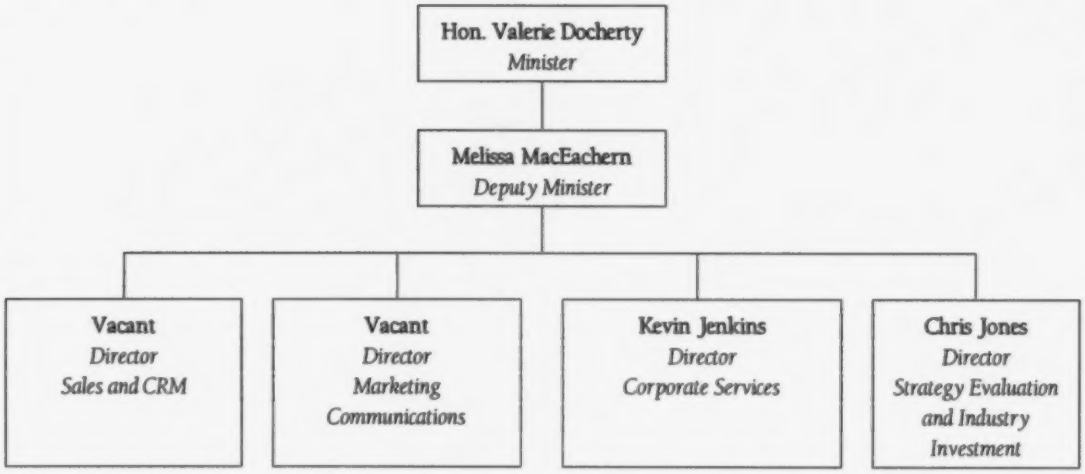
- Strategic Planning
- Program Evaluation
- Results Measurement
- Business Intelligence
- Policy Development
- Partner Relations
- Tourism Product Investment
- Tourism Industry Act (Licensing of Tourism Accommodations)
- Highway Signage Act
- Francophone Tourism Investment

The Division is responsible for regional tourism development and investment and industry support programs. SEII is also the lead liaison on intergovernmental affairs including an advocacy role to represent the interests of the tourism industry in key policy areas such as improved air access, Atlantic Gateway Initiative, labour and immigration issues, land use matters, etc.

Appendix A

as of March 31, 2009

Departmental Organization Chart



Appendix B

Legislative Responsibilities

Acts

Highway Signage Act
National Park Act
Recreation Development Act
Tourism Industry Act
Tourism PEI Act
Trails Act

Boards/Commissions/Agencies

Tourism Advisory Council
Tourism PEI Board
Tourism Arbitration Board

Appendix C

Financial Statements

Tourism PEI

Consolidated Financial Statements
March 31, 2009

ArsenaultBestCameronEllis
CHARTERED ACCOUNTANTS

ArsenaultBestCameronEllis
CHARTERED ACCOUNTANTS

A Member Firm of The AC Group of Independent Accounting Firms Limited

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May 8, 2009

Auditors' Report

To the Minister of Tourism

We have audited the consolidated balance sheet of **Tourism PEI** as at March 31, 2009 and the consolidated statements of earnings, deficit and cash flows for the year then ended. These consolidated financial statements have been prepared, in accordance with Canadian generally accepted accounting principles. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

Tourism PEI

Consolidated Balance Sheet

As at March 31, 2009

	2009 $	2008 $
Assets		
Current assets		
Cash	897,361	-
Accounts receivable	926,407	843,803
Due from the Province of Prince Edward Island (note 4)	1,770,323	2,379,210
Prepaid expenses	59,530	142,019
Inventory	127,432	132,495
	3,781,053	3,497,527
Property and equipment (notes 3 and 6)	1	7,785,574
	3,781,054	11,283,101
Liabilities		
Current liabilities		
Bank advances	-	20,989
Promissory notes	-	2,583,437
Accounts payable and accrued liabilities (note 6)	2,579,770	2,469,392
Due to the Province of Prince Edward Island (note 4)	1,201,284	-
Deferred membership revenue	-	11,318
Current portion of long-term debt	-	701,085
	3,781,054	5,786,221
Long-term debt, less current portion (note 5)	-	5,496,880
	3,781,054	11,283,101
	3,781,054	11,283,101

Approved by the Corporation

Minister

Tourism PEI

Consolidated Statement of Deficit

For the year ended March 31, 2009

	2009 $	2008 $
Deficit - Beginning of year	-	(3,516,563)
Excess revenue for the year	-	3,516,563
Deficit - End of year	-	-

Tourism PEI

Consolidated Statement of Earnings

For the year ended March 31, 2009

	2009		2008
	Budget (unaudited) $	Actual $	Actual $
Revenue			
Grants from Province of Prince Edward Island (note 6)	16,184,800	18,103,026	20,712,786
Marketing	1,364,600	1,289,096	1,306,231
Brookvale Ski Park	282,200	337,851	308,862
Park Operations	848,400	817,785	903,911
Visitor Services	125,000	109,454	105,917
Golf Operations	5,045,400	4,370,665	4,932,367
	23,850,400	25,027,877	28,270,074
Expenses			
Corporate Management	376,000	515,243	464,616
Finance and Administration	741,900	740,121	669,697
Park Administration	428,900	418,855	490,901
Park Operations	2,530,500	2,698,858	2,528,989
Brookvale	508,300	613,065	595,448
Golf Operations	5,031,400	4,928,003	5,438,728
Strategy and Evaluation	719,600	666,285	143,908
Industry Investment	2,653,700	3,472,510	2,993,730
Regulation and Compliance	211,100	197,445	-
French Services	253,900	303,900	289,040
Business Development	992,900	931,943	-
Visitor Services	670,000	633,215	524,770
Marketing	6,538,300	6,696,110	2,218,738
Media Relations/Editorial	278,100	322,985	-
Fulfillment	676,100	690,135	-
Publications	796,000	703,610	-
Travel/Trade Sales	443,700	495,594	-
Tourism Advisory Council	-	-	7,525,658
Interest on long-term debt - Golf Links (note 6)	-	-	331,492
Amortization - Golf Links	-	-	526,465
	23,850,400	25,027,877	24,742,180
	-	-	3,527,894
Other expense			
Loss on disposal of property and equipment - Golf Links	-	-	(11,331)
Excess revenue for the year	-	-	3,516,563

Tourism PEI

Consolidated Statement of Cash Flows
For the year ended March 31, 2009

	2009 $	2008 $
Cash provided by (used in)		
Operating activities		
Excess revenue for the year	-	3,516,563
Items not affecting cash		
Amortization of property and equipment - Golf Links	-	526,465
Loss on sale of property and equipment	-	11,331
	-	4,054,359
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	(82,604)	210,223
Decrease in inventory	5,063	41,707
Decrease in prepaid expenses	82,489	69,825
Decrease (increase) in due from the Province of Prince Edward Island	608,887	(2,379,210)
Increase in accounts payable and accrued liabilities	110,378	927,266
Decrease in deferred membership revenue	(11,318)	(9,134)
Increase (decrease) in due to the Province of Prince Edward Island	1,201,284	(1,094,087)
Decrease in promissory notes - net	(2,583,437)	(2,516,563)
	(669,258)	(695,614)
Financing activity		
Repayment of long-term debt	(6,197,965)	(726,978)
Investing activity		
Proceeds on disposal of property and equipment	7,785,573	104,095
Increase (decrease) in cash	918,350	(1,318,497)
Cash (bank advances) - Beginning of year	(20,989)	1,297,508
Cash (bank advances) - End of year	897,361	(20,989)
Supplementary disclosure		
Interest paid	-	652,022

Tourism PEI

Notes to Consolidated Financial Statements
March 31, 2009

1 Basis of presentation

Consolidation

These financial statements include the operations of Tourism PEI and its wholly-owned subsidiary, Golf Links Prince Edward Island Inc.

Status of the corporation

Tourism PEI became a Crown corporation effective March 31, 1999 under the Tourism PEI Act passed by the Government of Prince Edward Island on June 8, 1999. The objectives of Tourism PEI are to carry out tourism related activities of the Province of Prince Edward Island and maintain and operate the provincially owned golf courses.

The financial results of the corporation are included in the public accounts of the Province of Prince Edward Island.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies used in preparation of these financial statements.

Inventory

Inventory is valued at the lower of cost, determined using the average cost method, and market. Market is defined as net realizable value.

Property and equipment

Tourism PEI expenses property and equipment in the period purchased.

Real property transferred to Tourism PEI at no cost is recorded at a nominal value of $1.

Due to (from) the Province of Prince Edward Island

Current operations:

Excess revenue (expenses) for the year for Tourism PEI is recorded as a reduction (increase) in Grants - Province of Prince Edward Island and as an amount due to (from) the Province of Prince Edward Island. Golf Links Prince Edward Island Inc. records excess revenue (expenses) as an increase (decrease) in retained earnings (deficit).

Tourism PEI

Notes to Consolidated Financial Statements
March 31, 2009

Revenue recognition and government assistance

Grants from the Province of Prince Edward Island are recorded as revenue when received. Revenue from marketing is recorded when billed and revenue from park operations, services and fees is recorded when earned as services are provided. Excess revenue (expenses) for the year for the Tourism PEI entity is recorded as a reduction (increase) in Grants - Province of Prince Edward Island and as an amount due from (to) the Province of Prince Edward Island.

Expenses are recorded in the period in which the related goods and services are consumed except for certain marketing related expenditures that are recorded in the period the goods and services are acquired and a liability incurred and program grant expenditures that are recorded in the period in which the funds are approved for disbursement.

Other revenue items are recognized when goods or services are delivered to the customer and ultimate collection is reasonably assured.

Vacation pay and pension liabilities

The staff of Tourism PEI are employees of the Province of Prince Edward Island. Direct costs for employees of the Province of Prince Edward Island allocated to Tourism PEI are charged to the company on a per-payroll basis. Since the staff are employees of the Province, accrued vacation pay and pension obligations are liabilities of the Province and not the corporation and no liability for these costs has been accrued by the corporation as at March 31, 2009.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period.

Financial instruments

Financial instruments are comprised of cash, accounts receivable, accounts payable and accrued liabilities and due to/from the Province of Prince Edward Island. Due to their short-term nature, all the financial instruments are considered to be carried at amounts which approximate their fair value.

Financial risk management objectives and policies

Tourism PEI's risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. Management has not entered into hedging transactions to manage risk. As part of the overall management of the entity's operations management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage Tourism PEI's exposure.

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2009

3 Property and equipment

	Amortization rate %	Cost $	Accumulated amortization $	2009 Net $	2008 Net $
Land		1	-	1	1
Dundarave golf course	-	-	-	-	6,122,211
Land improvements and paving	10 - 20	-	-	-	349,784
Computer equipment and software	20	-	-	-	32,529
Power cars	14.3	-	-	-	449,220
Rental equipment	20	-	-	-	6,817
Equipment	10 - 20	-	-	-	578,603
Vehicles	20	-	-	-	884
Buildings	10	-	-	-	230,268
Signage	5	-	-	-	15,257
		1	-	1	7,785,574

4 Due from (to) the Province of Prince Edward Island

	2009 $	2008 $
Capital projects	1,770,323	1,037,500
Current operations		
Excess expenditures (revenue) for the year - Tourism PEI	(1,201,284)	1,341,710
	569,039	2,379,210

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2009

5 Long-term debt

	2009 $	2008 $
4.87% loan from the Department of Provincial Treasury of Prince Edward Island, transferred during the year (note 6)	-	5,336,665
4.51% loan from the Department of Provincial Treasury of Prince Edward Island, transferred during the year (note 6)	-	65,300
4.21% loan from the Department of Provincial Treasury of Prince Edward Island, transferred during the year (note 6)	-	100,000
4.67% loan from the Department of Provincial Treasury of Prince Edward Island, transferred during the year (note 6)	-	300,000
5.01% loan from the Department of Provincial Treasury of Prince Edward Island, transferred during the year (note 6)	-	396,000
	-	6,197,965
Less: Current portion	-	701,085
	-	5,496,880

6 Related party transactions

Tourism PEI utilizes the provincial parks, including Brookvale Ski Park, the provincial day parks and the full service campgrounds, as well as the Visitor Information Centres in carrying out its mandate. Tourism PEI has paid nil consideration for utilizing these facilities.

Tourism PEI utilizes provincial golf courses from the Province of Prince Edward Island for nil consideration.

Included in accounts payable and accrued liabilities is $30,631 (2008 - $39,638) due to a department of the Province of Prince Edward Island, $26,353 (2008 - $488) due to Prince Edward Island Business Development Inc., a provincial Crown corporation, and $2,629 (2008 - $1,143) due to Environmental Industrial Services Inc., a subsidiary of Prince Edward Island Business Development Inc.

During the year, the companies paid a total of nil (2008 - $563,311) in interest to the Department of Provincial Treasury of Prince Edward Island. Included in this total is nil (2008 - $331,492) of interest on long-term debt related to loans issued by the Department of Provincial Treasury of Prince Edward Island. Of the remainder, nil (2008 - $231,819) is included in golf operations expense.

Included in revenue is $18,103,106 (2008 - $20,712,786) in grants received from the Province of Prince Edward Island.

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2009

Effective April 1, 2008, Tourism PEI purchased the net assets of Golf Links Prince Edward Island Inc. and took over the operations of Golf Links Prince Edward Island Inc. As part of the purchase agreement, property and equipment and related long-term debt in Golf Links Prince Edward Island Inc. was transferred to the Province of Prince Edward Island at net book values. Golf Links Prince Edward Island Inc. was inactive for the year ended March 31, 2009.

7 Commitments

The minimum annual lease payment required over the next five years under operating leases for base rentals including premises in Brudenell and Mill River expiring in August 2009 and August 2075 respectively and for an equipment lease expiring in November 2011 are as follows:

	Equipment $	Premises $
Year ending March 31, 2010	109,346	50,927
2011	96,342	1
2012	96,342	1
2013	-	1
2014	-	1

In addition to the base lease rentals, there is a requirement to pay the company's pro-rata share, based on rented space, of the operating costs including property taxes of the premises.

Prince Edward Island
CANADA

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